

Policy UPDATE

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2023 MACPAC Report to Congress

The Medicaid and CHIP Payment and Access Commission (MACPAC) has released its second and final annual report to Congress for 2023. Topics included:

- DSH/Payment to safety net hospitals
- Beneficiaries dually eligible for Medicare and Medicaid
- Medicaid coverage for adults leaving incarceration
- Home and Community Based Services

Who It Impacts

Primarily providers and insurers who work with Medicaid beneficiaries, though with tangential impacts to any of their customers.

Background on MACPAC

MACPAC is a non-partisan government commission tasked with making recommendations to Congress, the executive branch, and states on Medicaid and CHIP policy. We suspect our readers may be familiar with its counterpart, [the Medicare Payment Advisory Commission \(MedPAC\)](#).

MACPAC's 17 commissioners are appointed by the Government Accountability Office (GAO) and serve staggered three-year terms.

Each year, MACPAC provides two Reports to Congress – one in March, and one in June. The Commission begins work on these reports in the fall of the year prior, typically with a September public meeting. The annual “report cycle” ends with the submission of the second June report.

The [March 2023 Report to Congress](#) included recommendations related to:

- Collection of race and ethnicity data in Medicaid
- Ownership data for nursing facilities
- Drug coverage
- Medicaid DSH

June 2023 Report to Congress

The June Report to Congress includes four chapters with recommendations:

Safety net hospitals/ “Countercyclical Medicaid Disproportionate Share Hospital Allotments”

- **Background on Medicaid DSH** - Both the Medicare and Medicaid programs offer Disproportionate Share Hospital allotments intended to support the financial stability of hospitals bearing costs related to uncompensated care or a larger share of Medicaid patients. In the case of Medicaid’s DSH program, allotments are made to states, who which subsequently redistribute the funds to hospitals within the state. MACPAC digs into Medicaid DSH payments, and makes recommendations for Congress related to the distribution methodology.
- **MACPAC’s concerns** - MACPAC is particularly concerned that DSH allotments to a given state decrease when a state’s federal matching payments increase – meaning in periods of normal economic growth, DSH funding for states with declining per capita income decreases relative to other states. In addition, when Congress increases the federal matching rate on a temporary basis, federal DSH allotments to all states are reduced.
- **MACPAC recommends....** -MACPAC recommends that Congress shift the allotment basis such that it is no longer tied to federal matching percentage.
- **And other recommendations** – The report also includes recommendations on how Medicaid DSH allotments to states could be improved to better track with the number of non-elderly low-income individuals, and countercyclical financing mechanisms that would provide greater federal assistance to Medicaid during times of economic downturn.

Integrating care for Dually Eligible Beneficiaries: Different Delivery Mechanisms Provide Varying Levels of Integration

- **Background on integrated care for “duals”** – Per MACPAC, there are roughly 12.2 million individuals eligible for both Medicare and Medicaid. When beneficiaries are enrolled in both programs, different payers cover different services; for example, Medicare becomes the primary payer of acute services, while Medicaid covers long-term care and supports. MACPAC has expressed concern that many dually eligible beneficiaries must manage two different insurance programs – e.g., Medicare fee-for-service and Medicaid managed care – in order to access full benefits. To that end, MACPAC has explored policy options that would move dually eligible beneficiaries into “integrated” products that coordinate all available benefits.
- **Recent CMS activity** – Over the past decade, CMS has undertaken several policy changes seeking to enhance beneficiary access to integrated products. In 2012, CMS launched the Financial Alignment Initiative, a demonstration in which CMS entered three-way contracts with states and managed care plans to offer enrollees a more integrated experience. That demonstration is ending; however, CMS has translated several key structures of the demo into the Dual Special Needs Plans (D-SNP) program, which are Medicare Advantage plans designed specifically for beneficiaries in both Medicare and Medicaid. In addition, Congress has now required that D-SNPs hold a Medicaid managed care contract with states as a condition of eligibility.
- **State of play** – Per MACPAC, roughly 21% of dually eligible beneficiaries were enrolled in integrated products in 2022.
- **Previous recommendations** – Last year, MACPAC recommended that Congress require states to develop plans to move beneficiaries dually eligible for Medicare and Medicaid into integrated plans. Senators from both parties have subsequently introduced or explored legislation along those lines.

- **Strategies** – MACPAC identifies different strategies states can take to advance integration for dually eligible beneficiaries (Table 2-2), including contracting strategies that limit enrollment options for dually eligible beneficiaries to D-SNPs.
- **No recommendations in the chapter** – In this year’s report, MACPAC includes no new recommendations for Congress.

Access to Medicaid Coverage and Care for Adults Leaving Incarceration

- **Background** – Federal statute prohibits federal Medicaid dollars from being used on care for incarcerated individuals.
- **Recent activity** - CMS has shown an interest in providing coverage for individuals in the process of leaving incarceration, looking to ensure consumers have consistent access to care once leaving incarceration. Namely, **CMS has approved a waiver request from the state of California** to cover some services for individuals transitioning out of incarceration. In April, **CMS released broader guidance to that end**.
- **MACPAC provide an overview** – In this chapter, MACPAC provides a survey of the landscape for individuals recently released from incarceration, and challenges connecting those individuals to Medicaid coverage.
- **Considerations** – MACPAC also offered input on what types of strategies and approaches to connecting individuals to coverage are most effective.

Access to Home- and Community-Based Services(HCBS)

- **Background** – Unlike Medicare, Medicaid can cover long-term supports and services for qualifying beneficiaries. This coverage can take the form of coverage in an institution (like nursing homes), as well as services offered in the home or community. Access to these services is not a guaranteed benefit, and many states that offer the benefits have waiting lists for eligible enrollees.
- **Biden Administration and HCBS access** –The Biden Administration has repeatedly voiced support for investments in HCBS to expand access. In 2021, the Biden Administration **included requests for sizable investments in HCBS as part of the Build Back Better initiative** – though, those investments ultimately fell by the wayside. More recently, **CMS issued a proposed update** to Medicaid regulations that would require states to provide greater transparency in payment rates to HCBS providers and wait lists, as well as mandate that a certain percentage of Federal Medicaid dollars go toward provider salaries for some direct care services.
- **MACPACs perspective** – MACPAC’s report provides an overview of the state of access to HCBS services, identifying key challenges and barriers to beneficiary access to care. No recommendations at the moment – but MACPAC indicates that it will be working on this topic for the next year.

What It Means For You

Nothing earth-shattering in this report. In fact, in several cases, CMS is already moving in the direction of addressing concerns that MACPAC has raised. However, MACPAC provides significant context for the current environment in each of these policy areas, helping policymakers to provide rationale.

For health plans working in Medicaid, as well as providers who regularly work with dually eligible beneficiaries – note the chapter on integration of benefits. CMS has been moving in this direction through recent changes to the D-SNP program, and Congress also appears to be showing some bipartisan interest on legislation. Consider this area one of interest for federal policymakers.

Resources

MACPAC June 2023 Report to Congress

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